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ABSTRACT

Worker education and retraining is a key component of economic competitiveness, requiring the collective efforts of business, government, and education to secure and use revenue creatively and efficiently. Approximately 85% of the workforce of the year 2000 is already employed today, and up to 75% of those workers will need significant job retraining in the next decade. Community colleges have experience in providing workforce training and education, and are well positioned for worker training in small and medium-sized companies, where training is most needed. Since current workforce education programs in community colleges are limited primary by inadequate resources, innovate public-private partnerships are the most realistic and promising method of supporting these programs. Community college leaders need to work with government and business representatives to develop policies and funding mechanisms that provide incentives to business for investment. At Monroe Community College, examples of financing initiatives include outsourcing of community college expertise, obtaining direct and indirect government grants, training government employees, and participating in a consortium effort. Existing monies can by used more efficiently through public-private partnerships, distance learning, and systems management. (ECC)

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"Creative Financing for Workforce Training"

Panel Presentation

by
Dr. Peter A. Spina
Monroe Community College

AACC 1994 Annual Convention
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JC 940 228

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INTRODUCTION

- For our personal health, everyone knows what we should be doing to take care of ourselves -- a proper diet and daily dose of exercise. But like many things, it isn't until a crisis occurs -- a heart attack, for example -- that reality hits and our health becomes our top priority.

- The problem of an undertrained workforce has now reached crisis proportion and reality is hitting hard:

  - 85% of the workforce of the year 2000 is already employed today.

  - Up to 75% of the existing workforce will require significant job retraining in the next decade.

  - Over the next decade, the American workforce will grow at the slowest rate in four decades. A workforce that grew by 24 million people in the 1970s will grow by less than 16 million in the 1990s. Businesses will no longer be able to skim the most highly skilled people off the top and ignore the rest.

  - Workers will need technical training and the acquisition of basic skills to keep up with new job demands. But they will also need an education that soothes the transitions as they move from job to job. This year's average high school graduate will change jobs four to six times and careers two to three times throughout his or her work life. For many, it won't be a matter of job-hopping, but rather that the job was pulled out from under them because of technological or economic change.

- Businesses and government have heard the wake-up call and realize that immediate *action* is needed before the crisis becomes a catastrophe:

  - Worker training is a prominent theme in the Clinton administration. The President has said: "We must promote lifetime learning for every American, investing in our people at every stage."

    Secretary of Labor Robert Reich is expected to spearhead the administration's efforts to revitalize the American work force. In his confirmation hearings before the Senate Labor and Human

Resources Committee (January 1993), Reich said a policy that will benefit all Americans is for the federal government to invest in the two assets that won't leave the country. One is "human capital," such as education and job training, and the other is physical infrastructure. Reich sees education and worker training as key to raising U.S. productivity, economic growth and living standards.

- Businesses have also taken some action. According to a 1991 survey by Towers Perrin, the New York-based management consulting firm, 43% of the companies said that they retrain employees for new jobs, compared to 25% in 1989. Another 35% have established remedial education programs, up from 16% in 1989.

- However, where the system breaks down is in the efficient and effective delivery of training and retraining for employees of small and medium-sized companies -- which have become the principal engines of economic growth and job creation in the United States.

  Small companies of under 500 employees account for almost 60% of all workers, but they are responsible for less than 5% of the total training outlay in the country. Furthermore, too great a percentage of current training is focused on managers, executives, and sales staff. Much too little is provided for workers in essential front-line technical and production positions.

- Community colleges already have experience in providing training and education for adults in the workforce, and they are well-positioned to be a vehicle for a major expansion of worker training where it is most needed with support for some combination of public and private investment.

A ROCK AND A HARD PLACE

- The renewed emphasis on education and training as a key to economic growth represents an important opportunity for business, government and academic institutions to work together to provide the skills necessary to enable U. S. companies to remain top competitors worldwide.

- The paradox:
  The players are willing, but are they *able?*

  - Current workforce training programs in community colleges are limited primarily by inadequate resources, that is, inadequate or nonexistent funding from public sources and the inability of small and medium-sized businesses to pay for the training their employees need.

  - Says Reich, "This country is facing structural changes with regard to jobs like we have never seen before. Where does deficit reduction fit into all this? Very much at the center, because a lot of these investments in training and education and job search -- helping employees upgrade -- have to be made by the private sector. Where are you going to get the resources if the government is $4 trillion in debt?"

- **Given current resource constraints at all levels of government, innovative public-private partnerships are the most realistic and promising method of supporting critically needed workforce training.**

- Community college leaders need to work with federal, state and local government officials; elected representatives; and leaders of the corporate and small business community to develop policies and funding mechanisms at the local, state and federal levels that provide incentives to business for investment in worker training and that ensure adequate funding for community colleges that provide workforce training as part of an overall economic development strategy.

- State and local officials must review existing legislation, policies and regulations to ensure that they do not discourage workforce training, nor limit the workforce training mission of community colleges.

TYPES OF FINANCING AT MCC

1. Private Sector Monies
   - "Training for hire" -- meeting private sector needs through outsourcing of community college expertise
   - Ex: Eastman Kodak Alliance, RG&E, RCSB

2. Direct Governmental Grants
   - Help small and medium companies with no training department; grants generally come from NYS Department of Economic Development or NYS Department of Labor
   - Many times companies match the grant, but not in proportion (ration of 2:1 or 3:1)
   - Ex: MDS, Lightnin

3. Indirect Governmental Grants
   - Participation in third-party grant-funded projects (MCC paid through grant but it is not our grant)
   - Ex: "Project with Industry" through the Rochester Council on Aging

4. Government Sector Supplier
   - Training government employees; paid through tax dollars
   - Ex: TQM for Monroe County; Public Service Administration for City of Rochester; ISO-9000 for New York State

5. Consortium
   - Partner in consortium effort
   - Ex: Supplier Training (international consortium); Greater Rochester Quality Council

STRATEGIES FOR FINANCING THE FUTURE

- Creative financing for workforce training is not only means of securing more revenue, but also of finding more *efficient* ways of using the current monies.

1. Public-Private Partnerships

   - The most effective role for government to play is to provide incentives for private investment in workforce training and assistance to public providers of such training, specifically to community colleges that stand ready to deliver high-quality training at reasonable costs.

   - The U.S. Chamber of Commerce has proposed a tax incentive to encourage business to upgrade its worker's skills. The Chamber's proposed tax "human capital initiative" would provide business tax credit similar to the tax credit recommended for businesses that invest in facilities and equipment.

2. Distance Learning

   - "Doing more with less" -- current monies used more efficiently

   - Networks could become an ideal mechanism for helping small businesses train their workers for 21st Century jobs in an affordable manner.

   - Distance learning represents a major resource in educating and retraining the American work force. If this new technology is merged into community-based facilities -- namely, community colleges, members of the network would avoid the costs of building, staffing and maintaining new facilities. Resources could be shared by federal, state and local governments and private enterprise.

   - These resources include interactive and self-directed learning software, access to on-line information and databases, facilities for audio and video conferences, distance learning capabilities, which permit interactive instructional or training services to be transmitted from a central site, interactive video disks and electronic mail.

- The U.S. Chamber of Commerce is already working on a nationwide plan to deliver a myriad of electronic services to individuals of all ages:

  - Community Learning and Information Network (CLIN) would equip U.S. educational institutions, local and state chambers of commerce, and other community sites with the technological tools and multi-media video and computer software to help improve education and training.

(PETER, THIS INFORMATION IS FROM A MARCH 1993 ARTICLE -- I HAVEN'T FOUND ANY MORE ON THE STATUS OF THIS, BUT THE ARTICLE SAID IT HAS RECEIVED CONGRESSIONAL SUPPORT AND THE FEDERAL GOVERNMENT WAS GOING TO FUND PILOT PROJECTS OF THE CONCEPT AROUND THE COUNTRY).

3. Systems Management

- Training in United States is uncoordinated, inefficient:

  - A fall 1992 League survey found that each college, with its partnering companies, seemed to be starting from scratch as they developed curricula, materials, technological supports, software programs and other training packages. Duplication of effort was rampant.

  - President Clinton has said he wants to cut through the maze of federal employment and training programs to see whether the dollars supporting those programs could be used more effectively. There are 125 such federal programs administered by 14 federal departments or independent agencies. Total federal funding in 1992 exceeded $16 billion. The bulk of the programs -- and the majority of the funding -- are administered by the Department of Education and the Department of Labor. Many of these job-training initiatives target specific groups such as youth or adults with mental or physical disabilities.

- Duplication of effort is EXPENSIVE and INEFFECTIVE. It is in the fundamental national interest to define the delivery systems, funding mechanisms, mix of suppliers, and other arrangements that are best suited to meet the workforce training needs of the nation's economy.

- Community college leaders, business and industry executives, and government officials need to work together to define a coherent system for providing needed workforce training. They need to acknowledge and value the roles that each has to play to ensure the expansion and improvement of workforce training in all types and sizes of organizations.

- It is important that all stake holders know their role and their reciprocal commitments and responsibilities. Such collaboration would initiate long-term cooperative relationships.